

**CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION  
INDUSTRIAL DEVELOPMENT BONDS**

**Meeting Date: October 22, 2008**

***Request for Approval of Initial and Final Resolution and Tax Exempt Bond Allocation***

Prepared by: *Deanna Hamelin*

<b>Issuer:</b>	Industrial Development Authority, City of Los Angeles (IDA LA)	<b>Amount</b>	\$1,775,000 TE
<b>Borrower:</b>	Drapes 4 Show, Inc., KH Enterprises LLC, and/or a related entity	<b>Requested:</b>	
<b>User:</b>	Drapes 4 Show, Inc., KH Enterprises LLC, and/or a related entity	<b>Application</b>	08-0017
<b>Location:</b>	City of Los Angeles – Sylmar (Los Angeles County)	<b>No.:</b>	
		<b>IR &amp; FR</b>	08-0017
		<b>No.:</b>	
		<b>Allocation</b>	
		<b>Resolution</b>	08-0017A
		<b>No.:</b>	

**Borrower/User/Background:** Drapes 4 Show, Inc. and KH Enterprises LLC (the Borrower/User or the Company) were incorporated and formed in California on December 23, 1985 and November 27, 2007, respectively. Both entities are solely owned by Karen Honigberg.

The Company is a manufacturer of textile items such as table or stage skirting, table linens, placemats, throw covers, and drop-covers that are primarily used by hotels, convention centers, and audio/visual companies. Its major customers include Baltic Linen, Four Seasons Hotel, Marriott Hotels and Audio Video Equipment Rental. The Company also has a growing number of international customers, which currently account for 1% of its revenues.

**Project Information:** Bond proceeds will be used to reimburse certain costs related to the acquisition of land and an existing 16,800 square-foot building in the Sylmar area of Los Angeles. In July 2008, the Company moved to the Sylmar facility from a 6,740 square-foot incubator manufacturing facility with 1,160 square feet of storage located in an unincorporated area outside the boundaries of the City of Calabasas and under the local jurisdiction of the County of Los Angeles. The Company's growth became constrained in the Calabasas facilities. It was forced to rent offsite storage space to accommodate its manufacturing activities, which increased operating costs. In the larger Sylmar facility, the Company will be able to consolidate its activities under one roof, which will lead to greater operational efficiencies.

According to the Issuer, Drapes 4 Show, Inc. was planning to move its entire operation to Las Vegas, Nevada. However, incentives offered by the City of Los Angeles, coupled with the availability of tax-exempt financing, made the relocation to Sylmar financially feasible for the Company.

**Anticipated Timeline:** The land and existing building were purchased in February 2008. Renovation of the building began in March 2008 and was completed in September 2008.

**Prior Actions/Financing:** None.

**Statutory Criteria:** 1) Public Benefits, 2) Relocation, and 3) Bond Issue Qualification: Staff has awarded points based on its evaluation of the Project under CDLAC guidelines. Not all statutory criteria are part of the CDLAC point scheme.

**PUBLIC BENEFITS:** Consistent with CDLAC guidelines, staff awarded the Project a total of 53 verifiable points. Fifteen of the 53 points assigned are based upon the retention of jobs. The Company currently has 37 direct, full-time employees and anticipates creating 12 jobs within two years of Project completion.

**RELOCATION OF COMPANY OPERATIONS (No point evaluation required):** The Company is relocating from an unincorporated area of Los Angeles County outside the official boundaries of the City of Calabasas to the Sylmar area of the City of Los Angeles, which is about 24 miles away. Due to the fact that the previous location is under the jurisdiction of Los Angeles County, the City of Calabasas declined to provide a relocation letter. Since both locations are within the County of Los Angeles, the move technically is not considered a relocation. See the letter of support from City of Los Angeles Councilmember Richard Alarcon (Attachment A).

**QUALIFICATION OF BOND ISSUANCE (No point evaluation required):** Based on the proposed finance structure, and the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds: (a) will be adequately secured; (b) will be fair, just and equitable to a purchaser of the bonds; and (c) will not work a fraud upon the bond purchaser. Staff's final determination of qualification of the bonds will be subject to its review of final bond documents prior to the issuance of bonds.

**Status Of Permit/Other Required Approvals:**

- On July 12, 2007, IDA LA executed an Inducement Resolution in an amount not to exceed \$2,000,000 in tax-exempt IDBs for the Project. On November 13, 2008, IDA LA is scheduled to adopt a final resolution for the Project.
- A TEFRA hearing was held by the City of Los Angeles on September 12, 2008. The City noticed and approved the issuance of tax-exempt and taxable bonds in an amount not to exceed \$2,000,000.
- The Project involves the acquisition of land and an existing manufacturing building. The land is zoned for light manufacturing uses. All land use, zoning approvals and permits have been obtained. The Borrower provided confirmation that no additional land use or zoning approvals or permits are required to accommodate the Project.

**Financing Details:**

The tax-exempt IDBs will be sold in a public offering. The bonds will be variable rate, repayable over a 20-year period, and will be secured by an irrevocable Letter of Credit issued by Comerica Bank, which at closing will have a Fitch rating of at least A+/F1.

**CIDFAC Fees:**

In accordance with CIDFAC regulations, the Borrower has paid or will pay CIDFAC an application fee of \$1,250 and a closing fee of up to \$4,437.50.<sup>1</sup>

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<sup>1</sup> California Code of Regulations Title 10, Chapter 8, Article 3, §6070

**Financing team:**

**Issuer:** IDA LA  
**Bond Counsel:** Fulbright & Jaworski  
**Underwriter:** First Southwest Company  
**Financial Advisor:** Los Angeles LDC, Inc.  
**Credit Enhancement Provider:** Comerica Bank  
**Disclosure Counsel:** Ronald Lee, Esq.

**Legal Questionnaire:** Staff reviewed the Borrower's/User's responses to the questions contained in the Legal Status portion of the Application. The responses did not disclose any information that raises questions concerning the financial viability or legal integrity of the companies.

**Recommendation:** Staff recommends approval of Initial and Final Resolution No. 08-0017 for an amount equal to \$1,775,000 in tax-exempt bonds and Allocation Resolution No. 08-0017A for an amount equal to \$1,775,000 in tax-exempt IDB allocation for the Issuer for the Drapes 4 Show, Inc. Project. Staff's recommendation is subject to staff analysis and approval of final bond documents and receipt of bond counsel's opinion as set forth in Initial and Final Resolution No. 08-0017.

**DRAPES 4 SHOW, INC. PROJECT**

**Bond Amount: \$1,775,000 TE**

City of Los Angeles - Sylmar (Los Angeles County)

Application No. 08-0017

October 22, 2008

**STAFF SUMMARY – CIDFAC**

**Prepared by:** *Deanna Hamelin*

**ISSUE:** On behalf of Drapes 4 Show, Inc. and KH Enterprises LLC (the Borrower/User or the Company), the Industrial Development Authority, City of Los Angeles (IDA or the Issuer) requests approval of the Initial and Final Resolution No. 08-0017 for an amount equal to \$1,775,000 in tax-exempt bonds and Allocation Resolution No. 08-0017A for an amount equal to \$1,775,000 in tax-exempt IDB allocation. Bond proceeds will be used for costs associated with the acquisition of land and an existing 16,800 square-foot building.

**BORROWER/USER:** Drapes 4 Show, Inc. and KH Enterprises LLC (the Borrower/User or the Company) were incorporated and formed in California on December 23, 1985 and November 27, 2007, respectively. Both entities are solely owned by Karen Honigberg.

The Company is a manufacturer of textile items such as table or stage skirting, table linens, placemats, throw covers and drop-covers that are primarily used by hotels, convention centers, and audio/visual companies. Its major customers include Baltic Linen, Four Seasons Hotel, Marriott Hotels and Audio Video Equipment Rental. The Company also has a growing number of international customers, which currently account for 1% of its revenues.

**Legal Questionnaire.** Staff reviewed the Borrower's/User's responses to the questions contained in the Legal Status portion of the Application. They did not disclose any information that raises questions concerning the financial viability or legal integrity of the Borrower/User.

**Prior Actions and Financings.** None.

**PROJECT INFORMATION:** Bond proceeds will be used to reimburse certain costs related to the acquisition of land and an existing 16,800 square-foot building in the Sylmar area of Los Angeles. In July 2008, the Company moved to the Sylmar facility from a 6,740 square-foot incubator manufacturing facility with 1,160 square feet of storage located in an unincorporated area outside the boundaries of the City of Calabasas and under the local jurisdiction of the County of Los Angeles. The Company's growth became constrained in the Calabasas facilities. It was forced to rent offsite storage space to accommodate its manufacturing activities, which increased operating costs. In the larger Sylmar facility, the Company will be able to consolidate its activities under one roof, which will lead to greater operational efficiencies.

According to the Issuer, Drapes 4 Show, Inc. was planning to move its entire operation to Las Vegas, Nevada. However, incentives offered by the City of Los Angeles, coupled with the availability of tax-exempt financing, made the relocation to Sylmar financially feasible for the

Company. See the letter of support from City of Los Angeles Councilmember Richard Alarcon (Attachment A).

The following is an estimate of how the tax-exempt bond proceeds for the Project will be applied:

Acquisition of Land.....	\$437,750
Acquisition of Existing Buildings .....	\$1,337,250
<b>Total: .....</b>	<b><u>\$1,775,000</u></b>

The following is an estimate of how the other sources of funds will be used:

Acquisition of Land.....	\$905,000
Acquisition of Existing Buildings .....	\$35,300
Fees and Charges Related to Sale.....	\$58,443
Rehabilitation of Existing Building.....	\$607,889
Site Preparation .....	\$33,323
Bond Issuance Expenses ....	\$138,037
Legal, Permits, Etc. ....	\$17,008
Letter of Credit or Bond Issuance Fee .....	\$30,000
<b>Total: .....</b>	<b><u>\$1,825,000</u></b>

**Anticipated Timeline.** The land and existing building were purchased in February 2008. Renovation of the building began in March 2008 and was completed in September 2008.

**Status Of Permit/Other Required Approvals:**

- On July 12, 2007, IDA LA executed an Inducement Resolution in an amount not to exceed \$2,000,000 in tax-exempt IDBs for the Project. On November 13, 2008, IDA LA is scheduled to adopt a final resolution for the Project.
- A TEFRA hearing was held by the City of Los Angeles on September 12, 2008. The City noticed and approved the issuance of tax-exempt and taxable bonds in an amount not to exceed \$2,000,000.
- The Project involves the acquisition of land and existing manufacturing building. The land is zoned for light manufacturing uses. All land use, zoning approvals and permits have been obtained. The Borrower provided confirmation that no additional land use or zoning approvals or permits are required to accommodate the Project.

**STATUTORY CRITERIA:** 1) Public Benefits, 2) Relocation and 3) Bond Issue Qualification. Staff has awarded points based on its evaluation of the Project under CDLAC guidelines. Not all statutory criteria are part of the CDLAC point scheme.

- 1) **PUBLIC BENEFITS:** Staff assigned a total of 53 verifiable points to the Project as detailed below:

**Community Economic Need (10 points):**

**Unemployment Rate of the Project Area (0 points):** No points were awarded for the unemployment rate of the Project area. In accordance with CDLAC procedures, to earn points in this category the 2007 unemployment rate of the county sub-area in which the Project is located must be at least 125% of the 2007 statewide rate. In this case, the 2007 unemployment rate of the project area is 5.6%, which is 103.7% of the 2007 statewide rate of 5.4%.

**Poverty Rate of Project Area (5 points):** The poverty rate for this Project area is 13.39%, which is 126% of the statewide rate of 10.6%.

**Special Designation Area (5 points):** The Project is located in a state-designated Enterprise Zone.

**Median Family Income (0 points):** The Project is located in Sylmar, census tract 1061.12, where the average median family income is \$56,812. Given that the median family income for the State of California is \$53,025, the median family income for the Project area is 107% of the statewide average, which does not qualify the Project for points in this category.

**Employment Benefits (Job Retention = 15 points)** The Company currently employs 37 direct, full-time employees in California. The City of Los Angeles provided letters [use both letters provided by May or if one is a letter and one is a memo, say a letter and memo indicating that the Company considered moving its operations to Las Vegas, Nevada. By offering low-cost, tax-exempt financing and access to other financial incentives, the City of Los Angeles was able to provide a means whereby the Company could remain in California. The retention of current employees translates into a ratio of one job retained for every \$47,973 in bond proceeds. (See Attachments B and C.)

**Welfare-to-Work Plan (5 points):** The Borrower provided a letter from Mr. Jaime Pacheco-Orozco, Acting Director of the City of Los Angeles Workforce Development Division, indicating its participation in the City's WorkSource California System program. (See Attachment D.)

**Health Care Benefits (3 points):** The Company provided documentation that it contributes to the medical insurance for 21 of its 37 employees. The contribution computes to an average of \$284 per month toward the health care benefits for each employee. The uncovered employees opted out of the Company's health care plan for personal reasons.

**Average Hourly Wage (5 points):** The Company's average hourly wage is \$21.47, while the Metropolitan Statistical Area (MSA) for the City of Los Angeles has an average manufacturing wage of \$14.89. Therefore, Drapes 4 Show Inc.'s average hourly wage is 144% of the average manufacturing wage for the Los Angeles area.

**Land Use/Energy Efficiency/Public Transit Corridor (10 points):**

**Land Use (0 points):** This Project does not involve the reuse of a vacant or abandoned building or abandoned land with developed infrastructure.

**Energy Efficiency (5 points):** The Company provided a Title 24 Report and certificate of compliance from Solargy, Inc., an energy consulting firm, which indicates that the Company's compliance with the most recent California Energy Commission standards for energy efficiency. (See Attachment E.)

**Public Transit Corridor (5 points):** The Company provided verification that the Project site is located in a public transit corridor. A Metropolitan Transit Authority (MTA) bus stop is less than ¼ of a mile from the Project site.

**Leveraging (5 points):** The total Project cost is \$3,600,000, of which \$1,775,000 will be refinanced with tax-exempt IDB financing. The remaining Project costs will be covered by a Community Redevelopment Agency of Los Angeles acquisition and development loan (Conditional Grant) and the Borrower's equity.

- 2) **RELOCATION OF COMPANY OPERATIONS (No point evaluation required):** The Company is relocating from an unincorporated area of Los Angeles County outside the official boundaries of the City of Calabasas to the Sylmar area of the City of Los Angeles, which is about 24 miles away. Due to the fact that the previous location is under the jurisdiction of Los Angeles County, the City of Calabasas declined to provide a relocation letter. Since both locations are within the County of Los Angeles, the move technically is not considered a location. See letter of support from City of Los Angeles Councilmember Richard Alarcon (Attachment A).
- 3) **QUALIFICATION OF BOND ISSUANCE (No point evaluation required):** Based on the proposed financial structure and the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds that will be issued in connection with the Project: (a) will be adequately secured; (b) will be fair, just, and equitable to a purchaser of the bonds; and (c) will not work a fraud upon the bond purchaser. Final determination of qualification of the bonds will be subject to review of final bond documents prior to the issuance of bonds.

**FINANCING DETAILS:** The tax-exempt IDBs will be sold in a public offering. The bonds will be variable rate, repayable over a 20-year period, and will be secured by an irrevocable Letter of Credit issued by Comerica Bank, which at closing will have a Fitch rating of at least A+/F1.

**CIDFAC FEES:**

In accordance with CIDFAC regulations the Borrower has paid or will pay CIDFAC an application fee of \$1,250 and a closing fee of up to \$4,437.50.<sup>2</sup>

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<sup>2</sup> California Code of Regulations Title 10, Chapter 8, Article 3, §6070

**FINANCING TEAM:**

**Issuer:** IDA LA  
**Bond Counsel:** Fulbright & Jaworski  
**Underwriter:** First Southwest Company  
**Financial Advisor:** Los Angeles LDC, Inc.  
**Credit Enhancement Provider:** Comerica Bank  
**Disclosure Counsel:** Ronald Lee, Esq.

**RECOMMENDATION:**

Staff recommends approval of Initial and Final Resolution No. 08-0017 for an amount equal to \$1,775,000 in tax-exempt bonds and Allocation Resolution No. 08-0017A for an amount equal to \$1,775,000 in tax-exempt IDB allocation for the Issuer for the Drapes 4 Show, Inc. Project. Staff's recommendation is subject to staff analysis and approval of final bond documents and receipt of bond counsel's opinion as set forth in Initial and Final Resolution No. 08-0017.



INITIAL AND FINAL RESOLUTION  
OF THE  
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING  
ADVISORY COMMISSION (CIDFAC)  
INDUSTRIAL DEVELOPMENT BONDS  
IR/FR #: 08-0017

WHEREAS, the Industrial Development Authority, City of Los Angeles (the “Applicant”) has transmitted the application of Drapes 4 Show, Inc., KH Enterprises, LLC (the “Project Sponsor”) for the issuance of \$1,775,000 in tax exempt bonds under the provisions of the California Industrial Development Financing Act, and has transmitted said application to the California Industrial Development Financing Advisory Commission (the “Commission”) and the information necessary to permit review of said application by the Commission, and has informed the Commission that it has adopted a resolution declaring its intention to issue such bonds and that the City of Los Angeles has held a public hearing regarding the issuance of the bonds and has approved the issuance of the bonds by the Applicant; and

WHEREAS, the Commission has reviewed the application and the materials submitted with the application.

NOW, THEREFORE, the Commission resolves as follows;

Section 1. The Commission, based on its review of the application and the information submitted therewith, does determine that:

(a) the public benefits from the acquisition of the facility described in the application likely will substantially exceed any public detriment from the issuance of the bonds in the total principal amount of \$1,775,000; and

(b) use of the Project described in the application and the operation of the facility described in the application are reasonably necessary to prevent the relocation of substantial

operations of the Project Sponsor from an area within the State of California to an area outside of the State of California.

Section 2. The Commission conditionally finds that the proposed issuance of the bonds qualifies under the provisions of Article 5 of Title 10 of the Government Code, and further finds that:

(a) the bonds will be adequately secured and the funds available to the Applicant will be sufficient to pay the principal of and interest on the bonds to be issued; and

(b) based on its review of the preliminary material submitted to it and as provided for under Government Code Section 91571, the proposed issuance will be fair, just and equitable to a purchaser of the bonds, and that the bonds proposed to be issued and the methods to be used by the Authority in issuing them will not be such as will work a fraud upon the purchaser thereof.

Section 3. The Commission determines that it is appropriate to the proposed transaction that the qualification of the proposed issuance be subject to the following conditions:

(a) the Bond Counsel Opinion, when ready for execution, shall be submitted to Commission staff;

(b) the final legal documents, when ready for execution, shall be submitted to Commission staff for its review. Submitted documents shall include:

- (i) Indenture,
- (ii) Loan Agreement,
- (iii) Bond Purchase Contract,
- (iv) Official Statement,
- (v) Remarketing Agreement,

(vi) Tax Certificate and Agreement, and

(vii) Other documents which, in the opinion of Commission staff, are necessary to the review of the transaction;

(c) the Commission staff shall determine that the final documents associated with the transaction have been developed in form and content substantially similar to the representations in the application on which are based the findings under Section 2. above;

(d) the bonds, when issued, are within the maximum limitation of bonds authorized in the California Industrial Development Financing Act (Section 91573(a) of California Government Code);

(e) the Commission shall receive all applicable fees prior to the issuance of the bonds, unless the bond documents indicate that such fees are to be paid from the proceeds of the bonds; and

(f) the Project Sponsor agrees to comply with Section 91533(l) of the Government Code relating to the payment of prevailing wages.

Section 4. This Resolution shall cease to be effective if the above-described bonds have not been issued within six months after the date of adoption of this Resolution.

Section 5. In compliance with the provision of the California Industrial Development Financing Act (Section 91754 California Government Code), the qualification of the proposed bond issue by this resolution is permissive only, and does not constitute a recommendation or endorsement of the bonds so qualified by the Commission.

**THE CALIFORNIA INDUSTRIAL DEVELOPMENT  
FINANCING ADVISORY COMMISSION  
RESOLUTION NO. 08-0017A  
RESOLUTION TRANSFERRING A PORTION OF THE 2008 STATE CEILING  
FOR QUALIFIED PRIVATE ACTIVITY BONDS FOR A  
SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT**

**WHEREAS**, that the California Debt Limit Allocation Committee (“CDLAC”) awarded allocation to the California Industrial Development Financing Advisory Commission (the “Commission”) for the purpose of awarding a portion of the allocation to local and State issuers; and

**WHEREAS**, the Commission has the authority to transfer a portion of its allocation to local and State issuers; and

**WHEREAS**, the Commission has received an application (“Application”) from the Industrial Development Authority, City of Los Angeles (“Applicant”) requesting a transfer to the Applicant of a portion of the 2008 State Ceiling on Qualified Private Activity Bonds (the “State Ceiling”) under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations (“Bonds”) for a project as specifically described in Exhibit A (“Project”) (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Procedures of the CDLAC Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds (“CDLAC’s Procedures”)); and

**WHEREAS**, the Project Sponsor (as defined in Exhibit A) has represented certain facts and information concerning the Project in the Application, which the Applicant has confirmed; and

**WHEREAS**, in evaluating the Project and potential allocation of a portion of the State Ceiling to the Applicant for the benefit of the Project, the Commission has relied upon the

written facts and information provided in the Application and otherwise by the Project Sponsor and the Applicant; and

**WHEREAS**, it is appropriate for the Commission to make a transfer of a portion of the State Ceiling (“Allocation”) in order to benefit the Project described in the Application.

**NOW, THEREFORE**, the California Industrial Development Financing Advisory Commission resolves as follows:

Section 1. There will be a transfer to the Applicant an amount of the State Ceiling equal to \$1,775,000. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated as though fully set forth herein (this resolution, together with Exhibit A, hereinafter referred to as the “Resolution”).

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds, and the Project Sponsor, the Applicant and their respective successors and assigns will be bound by such terms and conditions.

Section 3. Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Commission’s Procedures, such modification shall require reconsideration by the Commission before the Allocation may be used for the Project. Once the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Commission through an action for specific performance or any other available remedy, provided however, that the Commission agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of the Bondholders. The Commission may, as circumstances warrant, consent to changes in the terms and conditions set forth in this Resolution in the event the Commission is advised of changes in the Project.

Section 4. Prior to the issuance of the Bonds, any material changes in the structure of the credit enhancement and not previously approved by the Commission shall require approval of the Commission Chair or the Executive Director.

Section 5. The Applicant is not authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State other than this Commission.

Section 6. The potential Allocation transferred herein shall automatically revert to this Commission unless the Applicant has issued Bonds for the Project by the close of business within 90 days of the award of Allocation. In the case of extreme hardship, the Executive Director may extend this date by up to five (5) business days.

Section 7. Within twenty-four (24) hours of using the Allocation to issue the Bonds, the Applicant shall notify the Commission's staff and CDLAC's staff in writing (which may be by electronic or facsimile communication) that the Allocation has been used. Each notification to the Commission and to CDLAC shall identify the Applicant, the project or program, the date the Allocation was used, and the amount of the Allocation used.

Section 8. Within fifteen (15) calendar days of the issuance of the Bonds, the Applicant or its counsel shall formally transmit to CDLAC information regarding the issuance of the Bonds by submitting, in a form prescribed by and made available by CDLAC a completed Report of Action Taken.

Section 9. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Commission. If at any time prior to the expiration date set forth in Section 6 of this Resolution the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date,

the Applicant shall take prompt action by resolution of its governing board or by action of its authorized officer to return such unused Allocation to the Commission.

Section 10. The staff of the Commission is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain, for the term of the Bonds, a copy of this Resolution in the Applicant's official records. The Commission staff is further directed to retain a copy of this Resolution in the files of the Commission (or any successor thereto) for the same period of time.

Section 11. In consideration of the potential Allocation to be transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Commission through an action for specific performance or any other available remedy, provided however, that the Commission expressly agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of the Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Commission is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 12. The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution when reasonably requested by the Commission.

Section 13. This Resolution shall take effect upon its adoption.

**EXHIBIT A**

**RESOLUTION NO: 08-0017A  
(A SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT)**

1. Applicant: IDA City of Los Angeles
2. Application No.: 08-0017
3. Project Sponsor: Drapes 4 Show, Inc., KH Enterprises LLC,  
and/or a related entity
4. Project User: Drapes 4 Show, Inc., KH Enterprises LLC,  
and/or a related entity
5. Project Name: Drapes 4 Show, Inc. Project
6. Address: 12811 Foothill Boulevard  
Location: Sylmar, CA 91342  
County: Los Angeles County
7. Amount of Allocation: \$1,775,000
8. The Project Sponsor has represented that it reasonably expects the User will use its best efforts to achieve the following within two years of the completion of the Project:
  - Participation in City of Los Angeles' WorkSource California System program; and,
  - The creation of 12 additional, direct full-time jobs.